No. 815 (31)

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CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

October Term, 1943.

PHILIP ZALKIND,

Petitioner,

v.

SOL SCHEINMAN, JACOB MANDEL, PRONTO FILE CORPORATION and MASELL MANUFACTURING CORPORATION,

Respondents,

AND

SOL SCHEINMAN, JACOB MANDEL, PRONTO FILE CORPORATION,

Respondents,

v.

GUIDE SYSTEM & SUPPLY CO., INC.,

Third Party Defendant.

BRIEF FOR RESPONDENTS OPPOSING PETITION FOR WRIT OF CERTIORARI.

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GUIDE SYSTEM & SUPPLY CO., INC.,

Third Party Defendant.

Brief for Respondents Opposing Petition for Writ of Certiorari.

Petitioner seeks to have this Court review its own decision in *Hurn* v. *Oursler,* 289 U. S. 238 on the alleged ground that it has been variously interpreted in different circuits. In effect, the petition seeks to have this Court reverse its position in denying certiorari in, among others, *Musher Foundation* v. *Alba Trading Co.,* C. C. A. 2, 127 F. (2) 9, cert. den. 317 U. S. 641; 63 Sup. Ct. 33, discussed more fully hereinafter, and in

Lewis v. *Vendome Bags* (C. C. A. 2, 1939) 108 F. (2) 16; cert. den. (1940), 309 U. S. 660; 60 Sup. Ct. 514.

The original Complaint set forth two separate causes of action (R. 4, 6) one for patent infringement and the other a common law action based on alleged fraudulent acts said to have been committed prior to the issuance of the patents and allegedly designed to delay the issuance of the patents. The prayer for relief demanded "with respect to the first cause of action", an injunction and "an accounting for profits and damages", etc.; and "with respect to the second cause of action judgment in the aggregate amount of $110,000" (R. 13).

There being no diversity, defendants moved for dismissal of the second cause of action (R. 66). The District Court, by Judge Bondy, granted the motion (R. 67). Within twenty days of the entry of Judge Bondy's order, plaintiff elected to file an amended complaint (R. 70), *limiting the action* to "a suit brought for infringement of United States Letters Patent" (R. 71, Par. 1). The prayer for relief (R. 73) demanded an injunction and "an accounting for profits and damages *for infringement* from the time that they [the patents] would have issued but for defendants' wrongful perversion of the Patent Statutes". No relief for any common law tort was prayed for.

Petitioner thus elected to abandon his alleged claim for fraud and to restrict the action solely to patent infringement. However, the charge of infringement in the amended complaint was interlarded with charges of conspiracy to delay the issuance of plaintiff's patents and of presenting false testimony in a Patent Office interference. Defendants moved to strike such irrelevant portions of the amended complaint and the motion was granted by Judge Caffey (R. 76). Petitioner appealed both orders (R. 80). Following denial, "with leave to renew" (R. 90), of respondents' motion to dismiss the

appeal, and after argument on the merits, the Circuit Court of Appeals dismissed the appeal from Judge Bondy's order and affirmed Judge Caffey's order (R. 109).

POINT I.

The petitioner raises only moot questions because only one cause of action is alleged in the amended complaint.

The petition seeks to make it appear that this patent infringement action involves at the same time "a cause for damages for wrongful misuse of interference proceedings" (p. 3).

No such thing appears from the amended complaint (R. 70). This declares only in infringement (R. 71) and seeks an accounting for profits and damages only for infringement (R. 73), albeit from an imaginary date (when the patents "would have issued"). Petitioner proceeds to argue as if the amended complaint actually sought relief on each of two causes of action, when in point of fact only one cause is declared and relief is demanded only for such one cause.

This meaning of the amended complaint is consistent with petitioner's compliance with Judge Bondy's order dismissing the second cause of action (for fraud). If petitioner intended to contest this order he should have stood on his original complaint. Instead, he accepted the leave to amend and file his amended complaint within twenty days. Petitioner is now asking this Court to undo what he voluntarily did in filing his amended complaint.

We are not alone in this interpretation of the amended complaint. It is petitioner's own interpretation. In fact, he has urged below that he deliberately limited his suit to one cause of action. As pointed out by Judge Caffey (R. 76):

> "Indeed, in his brief, page 1, the plaintiff expressly says that the 'present complaint [second amended complaint] presents a single cause of action which on its face charges solely patent infringement'."

On the record, therefore, petitioner has admitted that his suit involves only a claim for statutory infringement, and not also a common law cause of action for fraud and conspiracy. Hence *Hurn* v. *Oursler* is not pertinent and no review of such case seems to be necessary or can be of any avail to petitioner.

It is the rule that a party may not both accept a decision and reject it. Once he has made his election he is bound thereby.

The law is believed to be well stated in the following:

> "The general rule is that where a party, after an order sustaining a demurrer to his pleading, by leave of Court, files an amended pleading, he is deemed to have acquiesced in the action of the court upon the demurrer, and will not be permitted to appeal or assign such action as error in the appellate court. However, the mere fact that the court on sustaining a demurrer, and without any request therefor, grants leave to amend does not bar an appeal if the party against whom the demurrer is sustained does not act on such leave, but elects to stand on his pleading."—2 American Jurisprudence, pp. 972, 973.

To the same effect is *Corpus Juris Secundum* Vol. 4, p. 399.

Only one cause of action, therefore, is involved here.

In view of the foregoing, we submit that the writ should be denied.

We present the following on the assumption that the Court may wish to consider the petition also on the basis of the alleged two causes of action in the light of *Hurn* v. *Oursler*.

POINT II.

Petitioner has had his day in court, for courts below necessarily assumed that all allegations in the complaint were true for the purposes of defendants' motions.

In demanding a trial to determine whether the same facts will support both his claims, petitioner has overlooked that in reaching their decisions on defendants' motions to dismiss, the District Court judges and the Court of Appeals necessarily assumed for the purposes of the motions that petitioner could prove all charges made in his complaint. He could not have obtained a more favorable background for a decision if the case had gone to trial.

Since petitioner urges as the main, if not the only, ground for granting the writ that the lower courts should have given him an opportunity to prove his charges, and since the lower courts necessarily assumed that the facts were as alleged, the basis for the petition fails.

POINT III.

Petitioner seeks contravention of the statute limiting the patent term to seventeen years.

The amended complaint seeks relief *for infringement* from the time that plaintiff's patents "would have issued" but for the defendants' alleged wrongful acts. In short, it calls upon this Court to contravene the Statute (R. S. Sec. 4884; U. S. C. Title 35, Sec. 40), limiting

the patent term to seventeen years by giving plaintiff's patents an indefinite term in excess of the statutory period. Only Congress can extend the statutory patent term.

The only relevant question, therefore, which is raised by the pleadings is whether a patentee can sue for "infringement" based upon acts allegedly committed prior to the issuance of his patent. No authority is cited for any such radical remedy.

Even if petitioner were allowed to prove and did prove the alleged fraud, it would still not give the Court the power to grant the relief prayed for, namely, damages for patent "infringement" prior to the issuance of the patents. *Stark Brothers* v. *Stark*, 255 U. S. 50. There this Court said:

> "The plaintiff argues that a notice * * * coupled with the wilful character of the defendants' wrongdoing ought to lead to a different result [*i. e.*, an award of an accounting over a period prior to the date of notice of registration of plaintiff's trade mark], and the District Judge seems to have had a similar notion. But that is to forget the origin and necessary limit of the jurisdiction in this case."

POINT IV.

No Reviewable Question Is Presented by the Petition.

We respectfully call attention to the following as showing that the petition presents no proper ground for granting the writ:

1. Petitioner asks (p. 6) that this Court recognize the necessity "for so emphasizing or restating the *Hurn*

v. *Oursler* doctrine'' that it will be applied uniformly in all jurisdictions. This is an admission that the petition presents no new or controversial question for review. Petitioner also asks whether the Court can determine the question of jurisdiction of its claim before trial. The answer is obviously that it can.

2. Whatever the merits of petitioner's contention that *Hurn* v. *Oursler* has been differently construed in different circuits, petitioner has not shown that it has been differently applied to the same state of facts or differently construed on any point which is relevant here. So far as the petition and supporting brief show, there has been no conflict of decisions on any question presented by petitioner.

3. The petition in effect seeks a review of Judge Bondy's order dismissing the second cause of action for lack of diversity. This order was held by the Circuit Court of Appeals not to be appealable (especially, we submit, after petitioner's acceptance of Judge Bondy's decision by filing an amended complaint), and we believe that it is not a matter for review by this Court. Judge Caffey's order striking irrelevant matter is likewise not reviewable here.

Petitioner shows that the *Oursler* doctrine has been applied to different states of facts not involved here and has failed to show any conflicting decisions on the same facts as presented here.

Petitioner's questions on pages 3 and 4 are presented on the assumption that the alleged wrongful misuse of interference proceedings is not a Federal matter in the absence of diversity, and are briefly answered as follows, the numbering corresponding to the questions:

1. As pointed out below, *Hurn* v. *Oursler* sanctions dismissal of a non-federal claim (in the absence of

diversity) before trial and on the pleadings only. The examples, in the opinion of the Circuit Court of Appeals, of proof that would go beyond the Federal claim were not "suppositions" but are alleged in the amended complaint (R. 72).

2. The Court made no assumption other than that the allegations of the pleadings are correct, and declared it to be a fact that the proof for the alleged two causes could not possibly be made on substantially identical facts.

3. In order to show jurisdiction of the non-federal claim, plaintiff must set forth sufficient facts to show that the same facts support the charges of statutory infringement and his non-federal claim. Even the petition fails to state unequivocally that the same *facts* support both alleged causes of action.

4. It is not evident from the pleadings nor from anything that petitioner asserts, nor does plain reason reveal, how the Patent Office interference record is admissible to establish patent infringement. Petitioner's premise is based on the false idea that there can be patent "infringement" for acts committed prior to the grant of the patent.

5. All the evidentiary facts bearing on jurisdiction were before the Court in the pleadings and petitioner offers no new facts. Dismissal for lack of jurisdiction before trial is, of course, common practice.

6. This question was answered emphatically in the negative by the opinion of the Circuit Court of Appeals. The statutes in question are too explicit and the practice under them too well established to necessitate their review.

The Court may well wonder what support petitioner has for his assertion (p. 3) that at the trial "he can prove the entire cause of action, including both claims for relief, with only the facts necessary to establish the patent infringement claim".

Statutory infringement of a patent can occur only after its issuance. The decision whose review the petitioner seeks affirms this established principle. The facts establishing the alleged delay in the issuance of petitioner's patents obviously could have occurred only prior to the issuance of the patents.

It is significant that the petitioner makes no effort to explain how "both claims for relief" are supported by the same facts. The reason is that there is an element of deceit in petitioner's position. When petitioner speaks of "the patent infringement claim" he has tongue in cheek, and conceals his mental reservation that by his private definition this term embraces not only the claim for statutory infringement after issuance of the patent, but also his mythical "constructive infringement" which, he urged before the Court of Appeals, covered a period prior to the issuance of his patents. Obviously, if petitioner openly coupled his claim for damages for respondents' alleged wrongful acts with this "constructive infringement", the falsity of his position would be apparent, for there have never been two schools of thought on the right to sue for infringement prior to issuance. Yet this discredited notion of "constructive infringement", discussed in the opinion of the Court of Appeals (R. 108, 109), is latent in all of petitioner's questions and arguments.

The above will make clear the parenthetical remark on page 4, paragraph 4 of the petition that the evidence admissible on the patent infringement claim includes "the interference record". This record is relied on to establish both the "infringement" prior to issue, and the al-

leged wrongful delay. But petitioner is careful to avoid saying so openly.

Petitioner treats the interference record as if it were itself the fact which supports his illusory causes of action. Even if the interference record contained facts usable in an effort to establish the alleged common law wrong, and even if the same facts were usable to prove the mythical "constructive infringement" prior to the issuance of the patents, it is inconceivable how any of the facts in the interference record could be usable to prove statutory infringement which could begin only after the issuance of the patents. Until petitioner has presented authority for "infringement" prior to the issuance of a patent, it follows that there can be no facts in the interference record or elsewhere which could simultaneously establish the alleged common law wrong and statutory infringement.

From one aspect the petition seems to seek only a ruling on the admissibility of evidence. In effect, petitioner wants this Court to instruct the District Court to admit the interference testimony in support of his claim for patent infringement. The petition presents no reason why this question should be reviewed by this Court.

The admissibility of evidence bearing on the conduct of a defendant before the Patent Office was considered and denied in *Automatic Arc Welding Co.* v. *General Electric Co.*, 2 F. S. 908, 909 (D. C. S. D. N. Y.), wherein the Court said:

> "The complaint, in addition to charging infringement, contains allegations that the defendant harassed and delayed Morton in the Patent Office proceedings, and testimony was offered at the trial in support of these allegeations, subject to motions to strike. These motions are now before me for disposition, and I think they should be granted,

inasmuch as the testimony has no logical bearing on the issues of validity and infringement involved in the suit."

POINT V.

Petition fails to show how the alleged two claims can be based on the same set of facts.

It will be noted that the complaint neither alleges nor does the petition assert that the same set of facts supports both asserted causes of action. Petitioner merely complains that the courts below assumed that such would not be the case. He makes no attempt to show how the facts can possibly be the same. He makes vague reference to "the interference record" but that can be relevant only to the question of priority, which is not an issue in this case.

Hurn v. *Oursler* holds that to justify federal jurisdiction over the non-federal cause of action, the federal and non-federal causes of action must be based upon "the same facts". This Court there stated (p. 246):

> "Indeed, the claim of infringement and unfair competition so precisely rest upon identical facts as to be little more than the equivalent of different epithets to characterize the same group of circumstances."

Petitioner appreciates that his case stands or falls upon the issue of the identity of the facts supporting his charge of infringement and his charge of fraud. He asserts repeatedly that the facts are the same, thereby giving lip service to the requirement laid down by *Hurn* v. *Oursler,* but he makes no effort to show that they are the same. His amended complaint does not allege such identity, and his original complaint emphasized their non-

identity by expressly admitting that the alleged fraud occurred during the pendency of his patent applications and so before any statutory infringement could possibly have occurred.

Instead of showing such identity of facts, petitioner introduces a red herring in the form of an alleged conflict in the interpretation of *Hurn* v. *Oursler*. But whatever the situation may be on issues not relevant here, it is clear that there is no conflict with respect to the rule of identity of facts laid down by that decision. The very cases relied on by petitioner show this clearly enough. Thus in *E. Edelmann* v. *Triple-A Specialty Co.*, 88 F. (2) 852, 854 (cert. den. 57 Sup. Ct. 673), the Court made specific reference to the appellee's contention that it was "entitled to damages for violation of its common-law rights arising out of the same facts". The action was for declaratory judgment "averring that appellant had wrongfully charged appellee with infringement * * * and had notified the trade of such untrue charges" and demanding, among other things, that appellant be enjoined "from publication of such charges". It is obvious that in this case the same acts constituted both the charges of infringement broadcast to the trade, and the unfair competition, and so the Court, despite the absence of diversity, properly assumed jurisdiction of both aspects of the "same group of circumstances".

In the decision in *Atkins* v. *Gordon*, 86 F. (2) 595, no facts are stated with respect to the unfair trade method charges. Denial of jurisdiction was proper if the "unfair trade method" involved facts other than the *manufacture* or *use* or *sale* of the alleged infringing article, as it most likely did.

Hemmeter Cigar Co. v. *Congress Cigar Co.*, 118 F. (2) 64, in the extract quoted by petitioner (p. 10) again emphasizes that "both claims [are] based on the same acts", citing *Hurn* v. *Oursler*.

Petitioner has failed to show conflict in decisions involving application of the doctrine of *Hurn* v. *Oursler* to an action involving a claim for patent infringement and alleged fraud which could have occurred at no other time than prior to the issuance of the patent and did not and could not involve manufacture, use or sale of a patented article.

POINT VI.

This court has previously denied certiorari on grounds raised by petitioner.

Petitioner's statement (p. 6), that this is "the first case brought to this court where an attempt has been made to apply the *Hurn* v. *Oursler* doctrine before trial" is not true, and this is borne out, for instance, by the *Musher Foundation, Inc.* v. *Alba Trading Co., Inc.* case cited by petitioner (p. 5). In that case, the District Court for the Southern District of New York dismissed a second cause of action, on motion by defendant, on the ground that the Court lacked jurisdiction in the absence of diversity of citizenship, and on appeal, the Circuit Court of Appeals affirmed. Certiorari was denied by this Court (317 U. S. 641).

The *Musher* case is extremely pertinent because exactly the same issue was raised therein on petition for writ of certiorari as is raised by the present petition. On page 3, the Musher petition said:

> "This ruling of Judge Clancy dismissing the second cause of action upon the ground that the Court lacked jurisdiction in the absence of diversity of citizenship was contrary to the ruling of this Court in *Hurn* v. *Oursler,* 289 U. S. 238, and is also contrary to other interpretations of this decision

by other judges in the United States District Court for the Southern District of New York and other United States District Courts in other parts of the country."

On page 4, the petition stated:

> "Therefore, this petition presents an important question of wide and general interest involving the proper interpretation of this Court's decision in *Hurn* v. *Oursler,* 289 U. S. 238."

The Musher petition also maintained that the same acts established infringement of the patents in suit and likewise unfair competition. The petition went on to say (p. 5):

> "The opinion of the Circuit Court of Appeals for the Second Circuit in this case (127 F. [2d] 9) shows an irreconcilable conflict not only between the majority and the minority of the judges who dissented but as to other decisions and opinions both of the Circuit Court of Appeals for the Second Circuit (see also *Treasure Imports, Inc.* v. *Amdur, et al.,* 127 F. [2d] 3, and *Pure Oil Co.* v. *Puritan,* 127 F. [2d] 6) and other courts as to the proper interpretation of the Supreme Court's decision in *Hurn* v. *Oursler,* 289 U. S. 238.
>
> The opinion of the Circuit Court of Appeals which has already been reported at 127 F. (2d) 9 fully sets forth this conflict in the majority and minority opinions * * *."

In fact, *Hurn* v. *Oursler* itself sanctions dismissal before trial for want of jurisdiction in the following words:

> "Two * * * Since that claim did not rest upon any federal ground and was wholly independent of the claim of copyright infringement, the district court was clearly right in dismissing it for want of jurisdiction * * *. From these averments two separate and distinct causes of action resulted, one arising under a law of the United States, and the other arising under general law. For reasons that have already been made manifest, the latter is entirely outside the federal jurisdiction and subject to dismissal *at any stage of the case.*" (Italics added.)

The present case is even less favorable to the petitioner than were those cited above. There is a reasonable possibility that the same acts will support both infringement and unfair competition; it is an impossibility for acts committed after issuance of a patent simultaneously to constitute the basis of a wrong which could have been committed only prior to such issuance.

CONCLUSION.

Accordingly, it is believed that the petition for writ of certiorari should be denied.

Respectfully submitted,

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